

MINUTES OF THE WORK SESSION OF THE CITY COUNCIL OF THE CITY OF
COTTONWOOD, ARIZONA, HELD SEPTEMBER 14, 2010, IMMEDIATELY
FOLLOWING THE SPECIAL MEETING HELD AT 6:00 P.M., AT THE CITY COUNCIL
CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

CALL TO ORDER AND ROLL CALL

Mayor Joens called the work session to order at 6:08 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Diane Joens, Mayor
Karen Pfeifer, Vice Mayor
Tim Elinski, Council Member
Duane Kirby, Council Member
Linda Norman, Council Member
Terence Pratt, Council Member
Darold Smith, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager
Steve Horton, City Manager
Dan Lueder, Development Services General Manager
George Gehlert, Community Development Director
Charlie Scully, Long Range Planner
Richard Smith, Deputy Clerk

ITEMS FOR DISCUSSION, CONSIDERATION, AND POSSIBLE DIRECTION TO STAFF

PRESENTATION REGARDING THE YAVAPAI COUNTY WATER ADVISORY COMMITTEE'S (WAC)
ROLE IN WATER STUDIES BY JOHN RASMUSSEN, WAC COORDINATOR

Mr. John Rasmussen, WAC Coordinator, gave a PowerPoint presentation in which he explained the organization and purpose of WAC, which was a committee empowered by local communities of the Verde River Basin and funded by them on a *per capita* basis. Its mission was to preserve sustainable water resources while enhancing economic viability by developing a regional water management strategy. The current budget totaled \$226,000. WAC was founded 10 years ago, and its intent was to keep resource issues local to avoid control being imposed from outside agencies, through regional planning and data based decision making. Data was obtained from the Department of Water Resources and the United States Geological Survey.

Mr. Rasmussen reviewed examples of the area and its water resources. Phase I analyses had concluded there was unmet future demand for water based on growth projections. Phase II studies were underway to appraise water resource alternatives and whether there would be federal interest in these alternatives. The WAC also supported development of

models for groundwater flow in northern Arizona as well as water use scenarios by identifying data gaps that reduced accuracy and by evaluating intra-basin interactions.

PRESENTATION REGARDING THE 2010-2011 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

Mr. Scully stated this was not the meeting to decide on a project. First there would be public input. The intent now was to get the groundwork started because it was a complex process. CBDG was a program that came in a 4-year cycle. Larger cities had their own programs, but this one came through the Department of Urban Development (HUD) through the Arizona Department of Housing, and the Northern Arizona Council of Governments (NACOG) served as the contact point. The amount to be made available was estimated at \$370,000. After necessary administrative costs were taken out by contract it would be around \$350,000.

Any project that got selected needed to fit into the criteria called National Objectives. There were 3 National Objectives. Any project that would be chosen had to meet one, and only one, of these objectives which were: 1) low/moderate income benefit; 2) the elimination of slum and blight conditions; or 3) an urgent need category. Urgent need was when there was a natural disaster or some major infrastructure system that was broken down and there was no other way to fund it.

There were two separate sub-sections of the elimination of slum and blight: target areas and spot basis. Target areas were subject to state statute that dealt with slum and blight called the Slum Clearance and Redevelopment Statutes in Arizona. To meet qualifications, 25 percent of the dwellings had to be in a state of deterioration and there other criteria, or there had to be at least two public improvements that were in a condition detrimental to public health and safety. These required lengthy and time consuming preparation involving development plans and committees. This was not a favored category. That left the low/moderate income category. This was where most projects fell. There were two sub-sections: an area-wide benefit where more than 51 percent of residents were part of the low to moderate income population group or one of the special needs categories, or there was a limited clientele program which dealt basically with the people getting the benefit. There were exceptions. Moderate income was defined as 80 percent of the median. In Yavapai County last year, 42 percent were estimated as meeting this level. One problem with the area-wide benefit was that data was needed showing 51 percent of the population was low income. In the past this had been done through the Census. This last Census did not have income data. To qualify, the city would have to do a special survey to determine a service area and set up an outreach program to obtain income data door-to-door. This took expert help. The limited clientele would be like a housing rehab program where the money would go directly to the people who qualified, if it was something directly benefiting the senior/elderly category.

One exception was if a project dealt directly with the removal of architectural barriers, bringing places into compliance with the Americans with Disabilities Act (ADA). That automatically qualified.

The main point was whatever the potential eligible activity was, it had to be evaluated in terms of whether it was meeting the needs of a low income population, special needs population, fixing some imminent hazard, or was a public improvement. Besides physical programs there were activity programs in social service type categories which could be considered. Going through this process had been further narrowed. Each state was allowed to have an annual list of priorities, high, medium, and low. Only high and medium priorities would be accepted currently.

Another option was a community could work with and use all or part of the funding to transfer it through to a third party called a sub-recipient, which was a qualified non-profit group that had the capacity and ability to do this kind of work.

Council Member Elinski asked what the benefit of doing that was.

Mr. Scully stated an example would be Catholic Charities. In the past Cottonwood gave it money to develop transitional housing.

Mayor Joens stated the city had given to the Senior Center a couple of times in the past.

Council Member Elinski stated it relieved the city of the burden of staffing to make the program work.

Mr. Scully stated they had to be qualified and experienced.

Council Member Pratt stated historic preservation was one of the eligible activities. Old Town would be a perfect fit for that. There was the Gardner property and the Sundial.

Mayor Joens stated the Civic Center could use some work too.

Council Member Kirby stated staff had been working with this program and surely had suggestions for the Council.

Mr. Scully stated in terms of historic preservation it went back to the need to fit into one of these national objectives.

Mayor Joens stated it was the Council's decision to make but it was import to have input as the process went along and staff could make suggestions.

Mr. Lueder stated there was really only one staff wanted to present: the Civic Center. Research had shown that by its history and location it could qualify since it was not ADA compliant. An assessment was done and staff felt that bringing it into ADA compliance without detracting from its historic aspects would be desirable. It would help take care of the building and Old Town. It was a project NACOG could embrace and citizens would appreciate.

Mr. Bartosh stated the Council was not being asked to make a decision tonight. It was one suggestion, and the public hearing was obviously the right forum.

Mayor Joens stated in years past we used to sort of split it out; we would give \$10,000 here, \$5,000 there, and tried to spread it around. The past couple times we received these funds that had not been accepted by NACOG. She asked that that be explained.

Mr. Scully stated 10 years ago if someone wanted to apply for \$10,000 to fix a heating system, there was a 2-3 page application. There was more money and more projects could be accommodated. Now, every single project needed a complete application with more documentation. Each application became a giant file and there was less staff at NACOG, the Department of Housing, and at HUD. Instead of having half a dozen smaller projects they looked for one or two main projects that were priorities that would benefit the whole community.

Mayor Joens stated last time we paved 12th Street.

Council Member Norman stated she was glad to hear talk of the Civic Center. She had a friend who used it regularly as a dancer but who had told of security breaches and trash being left inside by unauthorized users. It needed to have new locks fitted.

Council Member Pratt stated it was the jewel of Old Town and he would support it.

Mayor Joens noted it did not have air conditioning, just swamp coolers.

Vice Mayor Pfeifer stated it was not just the jewel of Old Town but of the whole historic area of the City of Cottonwood. The whole area would benefit by revamping the buildings and bringing them up to code.

Mr. Scully stated one of the things that had to be done was to get through the list of things to be done for the citizen participation process. NACOG wanted it documented with minutes and sign-in sheets. A display had to be put out at the public hearing. They wanted a copy of the whole page of the newspaper. Anyone who was qualified and had ideas could fill out a form to be given to the Council. There would be a public hearing to consider all the input. Later, the Council would start to narrow it down to 2 or 3 things. Then there would be a second public hearing when the decision would be made. The documentation would be prepared and presented to NACOG and the Department of Housing.

Council Member Smith asked about administrative costs.

Mr. Scully stated 18 percent could be used for administration.

Mayor Joens stated a lot of that went to NACOG.

Mr. Scully stated, yes we had contracted with them to do a lot of this, like the environmental review.

Mayor Joens asked if we got anything for his time.

Mr. Scully stated we would not be reimbursed for staff time, e-mails, and phone calls. That was our investment. Other hard costs that could be documented directly related to making the project work could be partially reimbursed. Mr. Scully stated the recommendation had been made that the public hearing not be at a Council meeting or folded into some other meeting because NACOG had an idea people who came might not speak. A work session would be the kind of thing to do. We would send out notices to all the various types of people who might be interested and a prepare display ad.

DIRECTION TO STAFF REGARDING THE DESIGN OF THE RIVERFRONT PARK RECLAMATION FACILITY

Mr. Lueder stated at the May 11 work session, staff was given direction by the Council to move forward with the project and come back to the Council with a scope of work from Mr. Knickerbocker and Coe & Van Loo. The Council was aware Mr. Knickerbocker was no longer with Coe & Van Loo. Staff's intention was to do another Statement of Qualifications (SOQ) for routine engineering. After consultation with the City Attorney, who indicated with our new purchasing policy it was possible because of Mr. Knickerbocker's intimate knowledge of the project, to still assign him the project. Staff wanted to come to the Council and lay out some options for the design of that plant.

We were a point where staff was comfortable with the site and overall goal of the plant. The next step would be to start the design. The original intent was to do the design and have a Construction Manager at Risk (CMR), which was how the Recreation Center was built. There were a couple options. Staff could still come back with a scope of work from the new firm Mr. Knickerbocker was with and do the CMR. Because of the change, there was the opportunity now to do Design-Build (D-B). This was a delivery system where, when the SOQ was done, selection was made of both the designer and contractor at the same time. They did the design in which we agreed on pre-construction services and a maximum guaranteed price and the contractor and designer worked together to deliver it. Staff was at a stage ready to move forward but wanted to get direction from the Council which way it wished to go on this. What he did not want to do was start from scratch doing another SOQ from another design firm, potentially bringing another design firm in, and starting all over. We were far enough along in the feasibility study. There was a lot of the work normally done in a design that was done in the feasibility study. We had a lot of the groundwork and questions out of the way. His recommendation was, if we did not want to work with Mr. Knickerbocker who did the feasibility studies, and have him do the design, we should look at a Design-Build concept. Basically what would be done would be to do a solicitation. There was a lot of interest in this from firms that had done D-B.

Council Member Smith stated he had been approached by PERC and EPCOR. PERC had a big desire to come up and give a presentation of what they could do to Design-Build, and even run it, and lease back to the city later on. They would bill no money out of the city's

pocket. They would design, build, run it, and do everything. That was one of the things he would like to hear. There were 5-6 other companies that would be interested in something like this. Mr. Knickerbocker apparently had left and gone with Wood/Patel. He asked what happened to the \$75,000 paid to Coe & Van Loo for all these studies and everything, but that was neither here nor there. What he really would like to do was hear presentations from these other companies. We owed it to ourselves and to the citizens to find out exactly what was available out there.

Mr. Lueder stated he was very sure what we got for \$75,000: two detailed reports. Some of the largest companies in the country that do this had looked at this report and been very impressed by it. If Council Member Smith wanted, he would be happy to get him the detailed reports. The Council had asked staff to do a second study under the Council's limit to where staff would bring it back to the Council. As far as the other companies coming in, he was fine with that. EPCOR was a Canadian company. Its sole shareholder was the City of Edmonton. His research showed they did not build wastewater facilities and he could not find any track record that they did. PERC had built some. He had no issue if they wanted to come in and do D-B, but what they did was called Design Build Finance and Operate (DBFO). They wanted to come in and there was a little bit of a misnomer that there was no cost to the city. There would be a big cost to the city; bigger than if we did it ourselves because the city would lease it back from them and pay them to operate it. If we were going to finance it, he could guarantee the Finance Director could get better rates through the Water Infrastructure Finance Authority (WIFA) than we could get through any private entity.

Council Member Smith stated he did not think they said would come in and operate it. We had not seen a presentation. He did not know if Mr. Lueder had seen a presentation, or the Council had seen a presentation. He was told there were about 6-7 other companies that were interested. He would like to see a presentation. It was as simple as that.

Council Member Kirby stated he was at the same meetings and saw the same people as Council Member Smith and was not as impressed. There were other people out there who would do D-B and either lease back or build for the city. Some were not tied to any single set of circumstances for the financing of the project. He would like to see the city invite 1-3 firms we knew functioned in this field and bring them in and let them do a presentation and let us see what we wanted to do.

Mr. Lueder stated it would be 8-12. He did not believe we could select just 3 of them to come in and give a presentation to the Council.

Mr. Bartosh stated there were other vendors who were interested in this. We needed to be prepared to listen to anybody who was interested in coming. It was really the fair thing to do.

Council Member Kirby stated we would ask them all to come in and make a little presentation. We would give them a limited amount of time to do it, and then afterwards the Council would decide.

Mr. Lueder stated first of all, what we talked about was he did not want to see 10 firms come in for 45 minutes. Let us limit them to 15 minutes and give them a list of topics. We would set it up for one night, limit it to 15 minutes with 5 minutes for Council questions. The second thing was, per Title 34, staff still had to go out and do a SOQ base process where we needed a registered professional.

Mayor Joens stated she was concerned the cart was getting put before the horse.

Mr. Bartosh stated what he had heard from Council Member Smith was that for the Council this was an education process. It was not a selection process. The question was, was the Council as a whole, willing to sit through 8 to 12 different fifteen minute presentations to see what was available out there in terms of this technology.

Mayor Joens stated we were just asking for an education process.

Council Member Elinski stated he would not necessarily be comfortable with being on any kind of a selection committee. The Council did not necessarily make the decisions that were very technical in nature when it was trying to decide on a firm to hire to build a reclamation facility. He would not feel confident making those decisions. He did feel confident having staff make some recommendations to the Council to choose one of the contractors. He did not have the expertise or background to really know. That was why there was the procurement process that specified there had to be an engineer, or someone, who could help guide the decision making process. He did think it would be good as an educational experience to hear the presentations of the contractors.

Mr. Lueder stated the way it would be structured was presentations would be limited to 15 minutes with 5 minutes for Council response. We would tell them the topics we wanted to hear about: experience with successful Design-Build projects, experience building in a flood plain, and solar experience. If this could be turned into an educational meeting, then no time would be wasted listening to presentations from companies specializing only in sequential batch reactor plants which we knew would not work in that location.

Mr. Horton stated it was really important to understand this point in the process where folks were coming in presenting to the Council which was usually done by staff. It was perfectly fine if the Council did it. It would be an information gathering process. It was pre-decision about how we would be going out to bid. The Council would receive information and be better informed how to make the decision about how to go out; the mechanism by which it would be procured, the kind of facility wanted. When the presentations were being made, no decision would have been reached yet. The winnowing would not have been done yet. Winnowing only occurred after it would have been put out to bid.

Vice Mayor Pfeifer stated getting more information was the part that would be really interesting. The Council needed to see what vendors had to offer. Procurement was a staff function. It would allow the Council to see what was out there.

Council Member Pratt stated it was important to invite presentations from everyone who wished to come. Staff were the experts and would know the appropriate questions to ask. The meeting would be just for information, as a precursor to making a decision.

Mayor Joens asked if she heard that a majority of the Council was willing and eager to sit through a 3-4 hour meeting to see these presentations.

Council Member Norman stated once presenters were given the criteria of what they were supposed to cover in those 15 minutes, looking at the outline may eliminate some of them.

Mr. Lueder stated one thing for Council consideration was this would not be a public hearing. There would be time to talk about the process later. The public should definitely be invited but questions from them should not be invited at this meeting as it was informational only.

Mayor Joens stated they would have a chance to comment when it went through the procurement process. She asked how much this would set the project back.

Mr. Lueder stated 30 days or so. He would like to set the presentations for early October. Once the Council came through this, staff would ask for direction. He had wanted to lay the D-B on the table because it actually made his job easier. Staff would go through one procurement process. He was all in favor of D-B, but we had to go through the process. If the Council gave direction to go to D-B, we would not have to start from scratch since contract work was already underway. Before Mr. Knickerbocker left, one of the things that had been done was to get in our hands every document, every map, and every report. He had feasibility studies for the water system purchases. The institutional information was given to us. There was a very good possibility if we went to D-B some of the firms would talk to Mr. Knickerbocker, simply because they knew he had the knowledge.

Mayor Joens stated the Council had already seen those presentations. A lot of studies on it had already been done. A majority of Council Members stated they were in favor of this, so the direction was to move forward with the presentation process on a separate Council meeting night. The Clerk would find out from the Council Members what would work best for them.

ADJOURNMENT

Council Member Smith moved to adjourn. Mayor Joens seconded the motion, which carried unanimously. The regular meeting adjourned at 8:00 p.m.

Diane Joens, Mayor

Richard Smith, Deputy City Clerk

CERTIFICATION OF MINUTES

I hereby certify that the attached is a true and correct copy of the minutes of a work session of the City Council of the City of Cottonwood held on September 14, 2010. I further certify that the meeting was duly called, and that a quorum was present.

Richard Smith, Deputy Clerk

Date